

Canc frp: Dec 99

CNETNOTE 5200

Code 00GR

JUL 12 1999

CNET NOTICE 5200

Subj: MANAGEMENT CONTROL PROGRAM

Ref: (a) SECNAVINST 5200.35D (NOTAL)  
(b) CNO ltr Ser N09B21G/7U508446 of 15 Dec 97 (NOTAL)  
(c) OPNAVINST 5200.25C  
(d) CNO Management Control Program Manual  
(e) CNETNOTE 5200 of 8 Jul 98  
(f) CNETINST 5200.6B  
(g) CNETINST 5040.6B  
(h) CNET ltr 7000 Ser OS821/134 of 17 Jul 98

Encl: (1) Activity Sample Management Control Certification  
Statement

1. Purpose. To announce reporting requirements and due dates for the FY 1999 cycle of the Department of the Navy (DON) Management Control (MC) Program. Reference (a) provides Secretary of the Navy (SECNAV) policy for complying with the MC Program. Reference (b) provides interim guidelines to Echelon 2 commanders while CNO revises reference (c). The below taskings reflect this interim guidance. Specific Naval Reserve Officers Training Corps (NROTC) unit taskings and reporting dates are provided under separate correspondence from Chief of Naval Education and Training (CNET) (OTE).

2. Information. In reference (a), SECNAV places strong emphasis on working smart in adhering to the principles of the Federal Managers' Financial Integrity Act (FMFIA) (Public Law 97-255). The program encompasses all programs and functions within Navy, and not just the comptroller functions of budgeting, recording, and accounting for revenues and expenditures. Commanders and managers are required to incorporate basic management controls in the strategies, plans, guidance, and procedures governing their programs and operations. Reference (d) also applies.

### 3. Discussion

a. FMFIA requires managers to be active participants in the stewardship of Federal resources. The DON MC Program is Navy's formal methodology for demonstrating compliance with this process.

b. Management controls are the organization, policies, and procedures used to reasonably assure that:

(1) Programs and operations achieve intended results.

(2) Resources are used consistent with the Navy's mission.

(3) Programs and resources are protected from waste, fraud, and mismanagement.

(4) Laws and regulations are followed.

(5) Reliable and timely information is obtained, maintained, reported, and used for decision making.

c. CNO stresses that Management Controls are to be integrated into the daily practices of all managers, and shall:

(1) Encompass all operations and mission responsibilities of an organization.

(2) Not be duplicative of existing information that pertains to evaluating the effectiveness of management controls.

(3) Be advocated and supported by the organization leadership.

(4) Identify, report, and correct material weaknesses. These are instances where management controls are not in place, not used, or not adequate. The attention of the next higher level of management is required.

d. The concept behind the MC program is to use, whenever possible, existing methods for gauging the success and usefulness of command processes. A meaningful assessment of the safeguards is more important than rigid formal documentation of the assessment.

4. Requirements for FY 1999. To demonstrate compliance with the program, all commands are requested to complete the following taskings. This is a continuation of the tasking discussed in reference (e). Reference (f) also applies.

a. Work Processes/Assessable Unit Inventory. The inventory should reflect those processes that support the command's mission. This should be accomplished by 30 September 1999. Flowcharts are required for each process and will be retained in-house. A by-product of this effort is the simultaneous preparation for ISIC oversight, the Mission Capability Assessment (MCA). Note reference (g).

b. Internal Control Systems Tests. Determine how each process is assessed for efficiency, effectiveness, and economy. This should be accomplished by 30 September 1999.

c. FY 1999 Annual MC Certification Statement. In preparing the FY 1999 statement, consider reference (h), and paragraphs 3b and c. Enclosure (1) provides a sample format.

(1) To ensure the existence of a clear audit trail of accountability at the activity level, department heads shall submit an annual certification statement to the commander, commanding officer, or director. This certification statement is required regardless of whether any material weaknesses are noted.

(2) When appropriate, report on the following issues. See attachments A and B to enclosure (1) for a sample format.

(a) Major accomplishments (use CNET 5200/19).

(b) Material weaknesses that are not correctable at the local level (use CNET 5200/17).

(c) Status of corrective actions on weaknesses not previously reported as closed (use CNET 5200/17).

(3) Chief of Naval Air Training and Commander, Naval Training Center, Great Lakes submit a consolidated statement covering both headquarters and subordinates. Commanders and commanding officers reporting directly to CNET provide certification statements to CNET (Code 00GR) by 15 September 1999, according to the above guidelines.

## 5. Action

a. Complete the requirements as discussed above.

b. Request all commands identify your point of contact and phone numbers to CNET (Code 00GR) via FAX (DSN 922-8959) or INTERNET (SHERRIL-I.FRANKLIN@SMTP.CNET.NAVY.MIL OR CHARLES-R.GIMBEL@SMTP.CNET.NAVY.MIL) by 6 August 1999.

c. Point of contact for CNET (Code 00GR) is Mr. Sherril Franklin or Mr. Charlie Gimbel, DSN 922-4867.

6. Forms. Use attachments A and B to enclosure (1).

7. Report Control Symbol. All reports for this program are assigned Report Control Symbol DD-COMP(AR)1618(5200).

8. Cancellation Contingency. This notice is canceled upon receipt of the next notice on this subject.

/s/R. P. KRULL  
Chief Of Staff

Distribution (CNETINST 5218.2C):  
Lists I(1-18, 20-24, 26-52), IV  
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CNET Staff

**ACTIVITY SAMPLE MANAGEMENT CONTROL CERTIFICATION STATEMENT**

From: Responsible Official (Department Head, Commanding Officer,  
or Commander)

To: Next higher level in the chain of command

Subj: MANAGEMENT CONTROL CERTIFICATION STATEMENT

Ref: (a) CNETINST 5200.6B  
(b) CNETNOTE 5200 of \_\_\_\_\_

Encl: (1) Major Accomplishments (See Attachment A)  
(2) Material Weaknesses (See Attachment B)  
(3) Status of Corrective Actions (See Attachment B)

1. I have taken the necessary measures to ensure that the system of internal controls in effect during Fiscal Year (current FY) within the (Department or Command) has been evaluated in accordance with references (a) and (b). Major accomplishments are discussed in enclosure (1).

2. **(Include one of the following statements:** I have reasonable assurance that management controls are in place and operating effectively; I have reasonable assurance that management controls are in place and operating effectively, except for the material weaknesses discussed in enclosures (2) and (3); or, I do not have reasonable assurance that management controls are in place and operating effectively), and the objectives of the Federal Managers' Financial Integrity Act were achieved.

3. Information to support the certification statement was derived from process analyses, audits, inspections, investigations and other management information, such as knowledge gained from daily operations of programs and functions.

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Signed by Appropriate Responsible  
Official

Enclosure (1)

**MAJOR ACCOMPLISHMENTS****1. General Information.**

(a) Command/Activity:

UIC:

(b) Department:

(c) Functional Category:

(d) Assessable Unit (AU):

(e) Point of Contact:

**{PRIVATE }2. Major Accomplishments.**

Discuss major steps taken to promote a control-conscious environment within the activity, or measures to strengthen internal controls:

**MATERIAL WEAKNESS  
OR STATUS OF CORRECTIVE ACTIONS**  
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COMPLETE ONLY APPLICABLE AREAS

**1. General Information.**

(a) Command/Activity: UIC:

(b) Department:

(c) Functional Category:

(d) Assessable Unit (AU):

(e) Point of Contact:

**2. Material Weakness or Status of Corrective Actions.**

(a) Title of Material Weakness:

(b) Description of Material Weakness and impact on operations:

(c) Source employed to identify material weakness (MCR, AMCR, Naval Audit Service Finding, or other).

(1) Source:

(2) Date Identified:

(d) Corrective Actions: [ ] Completed (Date:\_\_\_\_\_)

(Check applicable [ ] Pending (Est. Completion Date:\_\_\_\_\_)

box, detail [ ] Not correctable at this level. (Note who

actions and must correct and why.)

milestones below.)

(e) Explain the methodology that will be (has been) employed to certify the effectiveness of the corrective actions:

Estimated Date of Certification: